RECENT IMPORTANT DECISIONS.

BANKRUPTCY—DISCHARGE—DEBTS RELEASED BY.—The defendants, a firm of brokers, were in possession of stock and scrip to the value of $25,000 belonging to plaintiff. Without the plaintiff's knowledge or consent, the defendants sold the stock, and deposited the proceeds to their own account, becoming bankrupt soon thereafter. At the trial the defendants made no attempt to justify their conduct, but pleaded their discharge in bankruptcy. *Held,* the bankrupts' responsibility for such act was a "liability for willful and malicious injury to the property of another," within Bankruptcy Act 1898, as amended by Act of 1903, excepting such debts from discharge. *Kavanaugh* v. *McIntyre et al.* (N. Y. 1914), 104 N. E. 135.

This is in accord with the weight of authority. The difficulty arises in the meaning and application of the words "willful and malicious." On the one hand it is held that the term "willful and malicious" does not necessarily involve hatred or illwill as a state of mind, but arises from a wrongful act intentionally done without just cause or excuse, special malice not being required; that the word "malice" is intended to imply nothing more than a disregard of duty. *Peters* v. *United States,* 177 Fed. 885; *Johnston* v. *Bruckheimer,* 116 N. Y. S. 688; *Bever* v. *Swecker,* 138 Iowa 721, 116 N. W. 704; *In re Maples,* 105 Fed. 919; *Tinker* v. *Colwell,* 193 U. S. 473, 487. On the other hand it is held that the act must be more than willful, it must be with malice—with an evil intent to injure the person and property causing damage to the subject matter, not depriving the owner of them. *In re Sullivan,* 110 Wis. 189, 62 L. R. A. 700; *In re Ennis & Stoppani,* 171 Fed. 755. In the latter case a conversion of property was held not a "willful and malicious injury."

BANKRUPTCY—PROPERTY PASSING TO TRUSTEE—PROPERTY OBTAINED BY FRAUD.—The bankrupt was a furrier doing a retail business in Chicago, and approached appellants with a view to securing credit in the purchase of furs. She represented that she was worth between $5000 and $6000 above all her debts. Relying upon her representations, the appellants sold and delivered furs to her. Within two months thereafter she was adjudged an involuntary bankrupt, and on learning of the said fraudulent conduct and bankruptcy proceedings appellants rescinded said sale and petitioned the court for return of the furs or the proceeds thereof. *Held,* that the trustee in bankruptcy did not acquire title to the furs as against the sellers who rescinded the contract as soon as they learned of the fraud. *In re Gold* (C. C. A. 7th, Circ. 1913), 210 Fed. 410.

Since the amendment of 1910 to § 47a(2) of the Bankruptcy Act 1898, the trustee no longer stands merely "in the bankrupt's shoes," confined to the mere rights which the bankrupt might have asserted, except where fraud or preferences or liens by legal proceedings within four months of bankruptcy are concerned, but stands as a creditor "armed with process." *In re J. S.*

Apple Suit & Cloak Co., 198 Fed. 407. This amendment also gives the trustee the benefits of the state recording acts. *In re Calhoun Supply Co.*, 189 Fed. 537. Thus it becomes a question of state law as to whether the defrauded vendor has a right to the goods which is superior to that of an attaching creditor, and what has been termed a conflict in the rule applied is nothing more than the result reached as to the rights of a defrauded vendor and an attaching creditor under such state law. *In re Whatley Bros.*, 199 Fed. 362. The trustee is not an innocent purchaser and the attaching creditor cannot defeat the defrauded vendor. *Richardson* v. *Vick*, 145 S. W. 174; *Halsey* v. *Diamond Distilleries Co.*, 191 Fed. 498; *In re Bendall*, 183 Fed. 816. See also 13 COL. LAW REV. 158.

CHATTEL MORTGAGES—SUFFICIENCY OF WORDS USED TO PASS AFTER-ACQUIRED PROPERTY.—T. purchased a stock of groceries and gave a mortgage thereon to secure the notes given for the purchase price. The mortgage contained a stipulation covering "all increase from said stock of whatever kind and nature." T. continued in business and sold all the old stock, and by replacing that sold with new stock soon had a stock of goods different from that originally covered. He made an assignment for benefit of creditors and the mortgagee claims priority over a general creditor who sold the new stock to the mortgagor. *Held.* Mortgage did not include the "additions and substitutions" of stock. *In re Thompson* (Iowa 1914), 145 N. W. 76.

A mortgage of future property is generally void at law. *In re Sentenne & Green Co.*, 120 Fed. 436; *Jones* v. *Richardson*, 10 Met. 481; *Ferguson* v. *Wilson*, 122 Mich. 97; *Deeley* v. *Dwight*, 132 N. Y. 59, 18 L. R. A. 298; *Griffith* v. *Douglass*, 73 Me. 532, 40 Am. Rep. 395; *Chapman* v. *Weimer*, 4 O. St. 481. But in equity a mortgagee of after-acquired property is protected. *Mitchell* v. *Winslow*, 2 Story 630; *Holroyd* v. *Marshall*, 10 H. L. Cas. 191; *Williams* v. *Briggs*, 11 R. I. 476, 23 Am. R. 518; *Des Moines Nat. Bank* v. *Savings Bank*, 150 Fed. 301. Iowa, as stated in the principal case, follows the equitable doctrine that one may mortgage after-acquired property. But the majority of the court and the dissenting judge differed in their opinions as to whether the use of the word "increase" was sufficient to include after-acquired property. The majority, being influenced by the fact that the words were used in a printed blank, held that the words "additions to" or "substituted for" should have been used instead of the "increase thereof." The dissenting judge held that it was not a question of what specific words were used, but whether such terms were used as to show that the parties intended to pass the property, and that the word "increase" meant "added to" as used here and was sufficient to include future property; this view seems to accord with the rule as laid down by Justice STORY in *Mitchell* v. *Winslow*, "Whenever the parties by their contract intend to create a lien or charge either upon real or personal property"—clearly stating that all that is necessary are terms sufficient to show the intend to pass the after-acquired property.

CONVEYANCING—PUBLIC HIGHWAY AN INCUMBRANCE.—The defendant contracted to convey by warranty deed to the plaintiff a farm clear of all in-